

the increase of population and the development of the country, banking facilities grew also, and this has been one of the most noteworthy characteristics of Canadian banking down to the present day. There are no institutions in the Dominion which have kept pace with the exigencies of development more faithfully than the chartered banks.

Until the British North America Act became law on 1st July, 1867, the Provinces of Canada made their own banking laws, independently of one another, but the Act of Confederation stipulated that thereafter this prerogative should be surrendered to the Dominion Government. The wisdom of this course has been apparent in more ways than one. It has resulted in uniformity of procedure in the establishment of banks and in the publication of their returns, and has made for the safety of these institutions ever since. Banking legislation under the Dominion Government has been singularly free from political exploitation, both of the great parties having wisely recognized its superiority to local politics or prejudices.

In 1867 there were seven banks in the Province of Ontario, twelve in Quebec, four in New Brunswick, five in Nova Scotia, and four in Prince Edward Island. Total, 32. These had 120 branches and "agencies," and their position was approximately as follows:—

July 31st, 1867

Paid-up Capital .....	\$32,962,396
Circulation.....	10,778,606
Deposits.....	32,896,006
Discounts and Cash Credits .....	56,250,000

It should be stated that these figures, while approximately correct, are not strictly accurate, for the reason that some of the banks in Nova Scotia, New Brunswick and Prince Edward Island did not report to the Dominion Government until 1875, when we have the first complete and correct list of bank reports.

The ten and three-quarter million dollars of bank circulation outstanding in July, 1867, included notes of one and two dollars. The privilege of issuing these small denominations was taken from the banks by the Act of 1870, when the lowest denomination for bank notes was fixed at \$4, the Dominion Government assuming the function of issuing \$1 and \$2 notes. By this same Act the charters of the existing banks were continued, but as they expired at various periods an Act was passed on the 14th April, 1871, whereby they were all made to expire at the same date, namely, 1st July, 1881. This and every subsequent bank act has called for the revision of bank charters once in every decade. Before the next revision, in 1881, there had been several bank failures, but except in the case of the Mechanics' Bank, which closed its doors in 1879, the note-holders in every instance were paid 100 cents on the dollar. In the case of the Mechanics' Bank they received 57½ cents, and would have been paid in full had they not ranked equally